

Investing In Chesapeake

August 2003



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Agenda

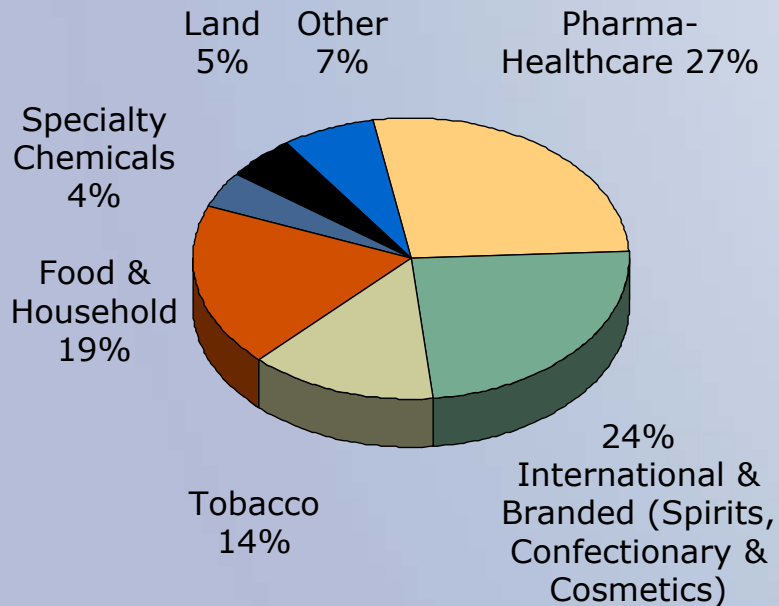
- Company Overview
- Business Strategy
- Paperboard Packaging
- Plastic Packaging
- Financial Highlights
- Why Invest in Chesapeake?

Company Overview

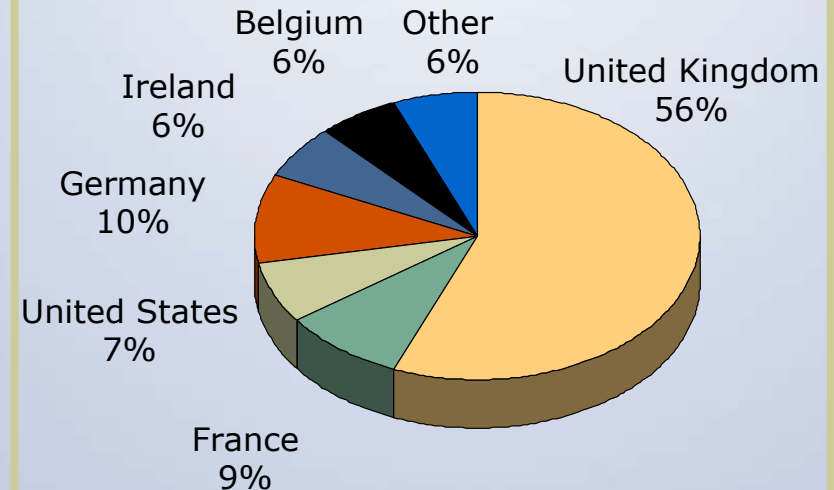
- Repositioned from a commodity-oriented North America producer of paper and tissue to a leading international supplier of value-added specialty packaging products with:
 - Market leadership positions (#1 or 2 in target markets)
 - A blue chip list of customers
 - Expertise in comprehensive design and substantial technical capabilities
 - Strategically located operations
- Primary end-use markets include pharmaceutical-healthcare, international & branded, and tobacco

Company Overview

Sales by Sector



Sales by Geography



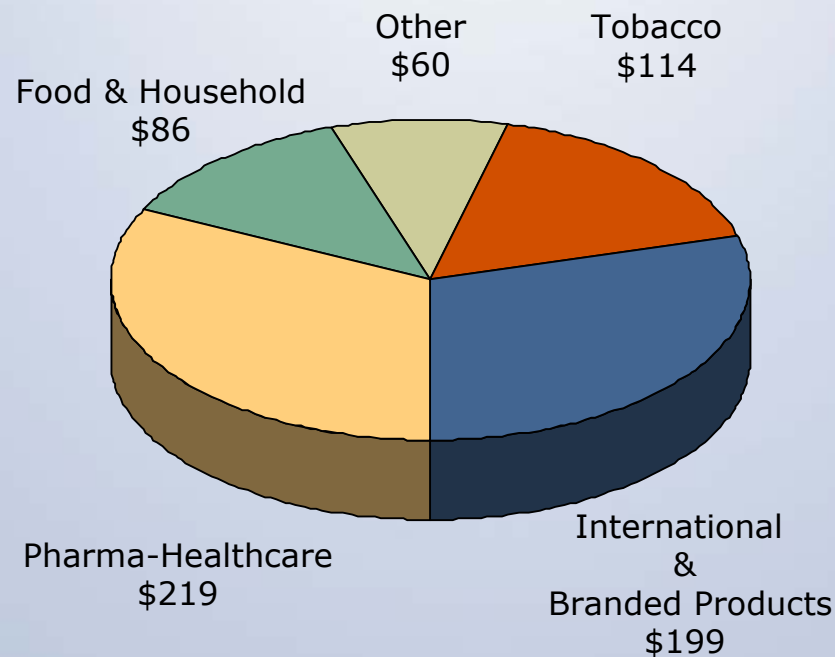
2002 Revenues \$822 Million

- Pursue profitable growth by offering differentiated value-added specialty packaging products in selected end-use markets that:
 - Provide higher growth potential
 - Require brand positioning and differentiation
 - Demand special packaging requirements and innovative packaging solutions

Paperboard Packaging

- European market leader: #1 or #2 in target markets
- Products include: folding cartons, leaflets, labels, rigid set-up boxes, vacuum-formed packaging, tubes, transparent packaging
- Sector-focused on key markets:
 - Pharmaceutical-Healthcare
 - International & Branded Products (fine spirits, premium confectionery, and cosmetics)
 - Tobacco
 - Food & Household

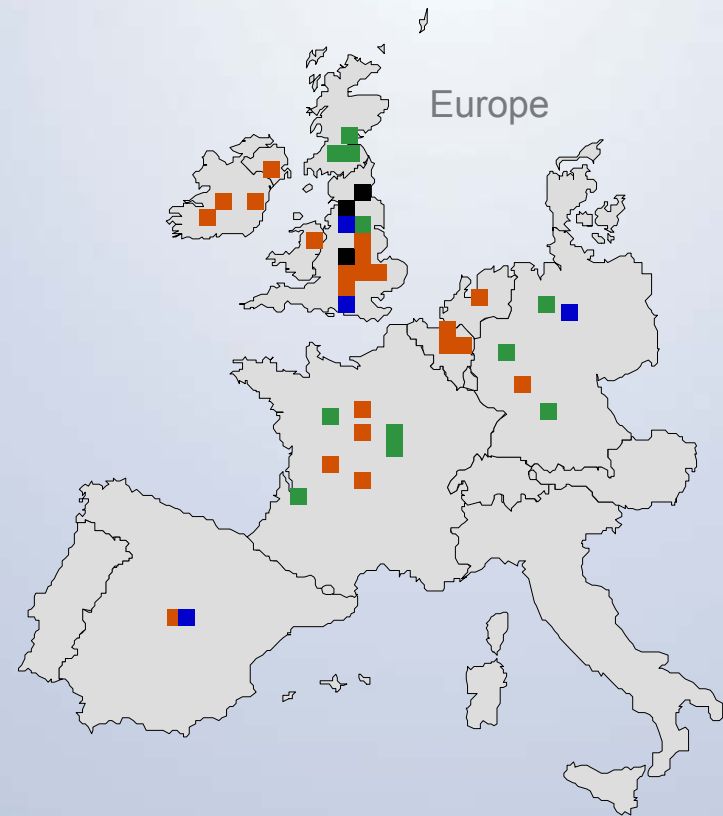
2002 Sales by Sector



\$ 678 million

Pan European Presence

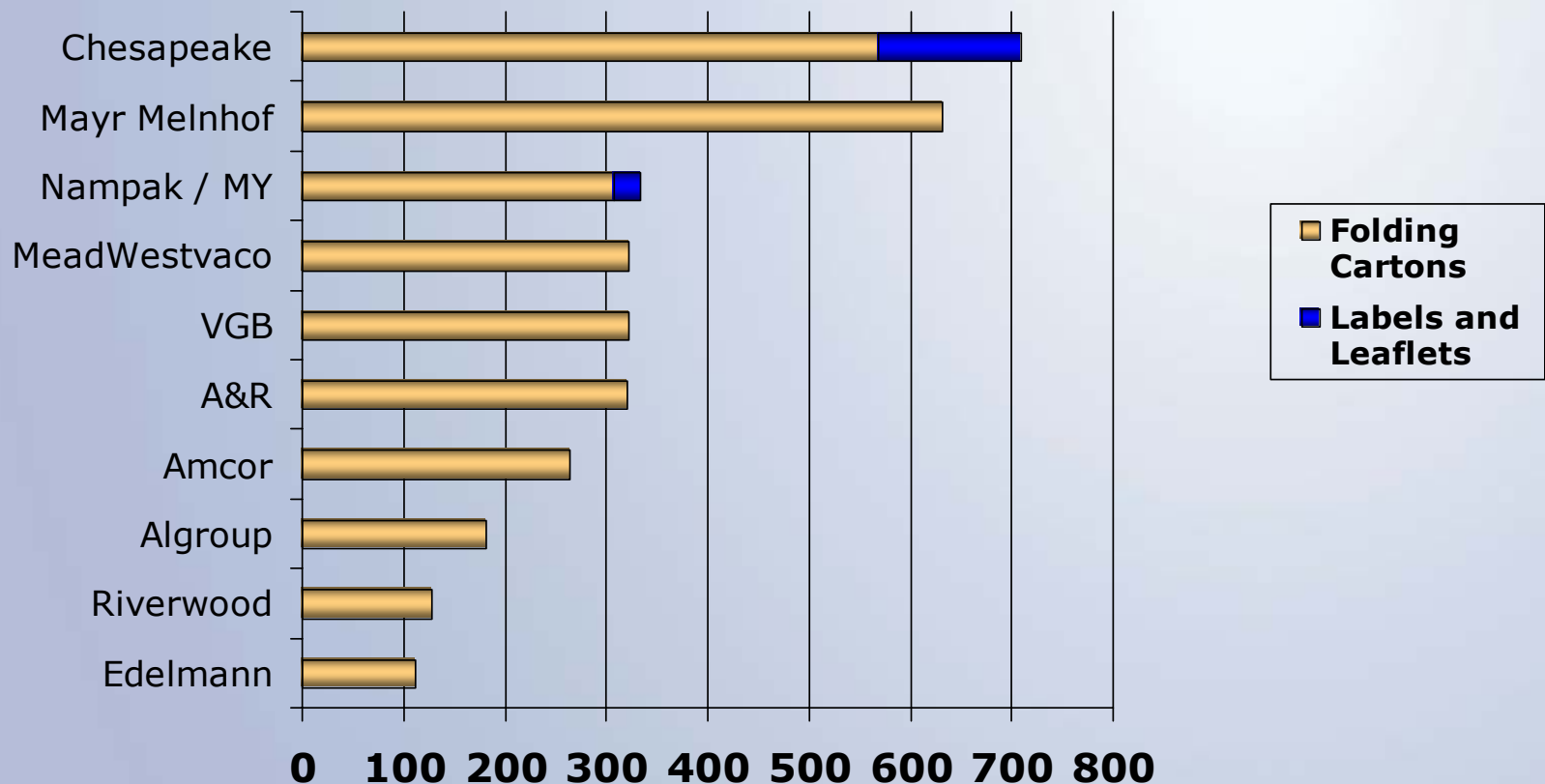
- Broad geographic paperboard packaging network
 - 39 plants in 10 countries
- Plants are operated as individual profit centers
- Sector-focused operations
- Incentive compensation based on cash generation and ROIC



Europe's Leading Paper Based Converters



2002 Sales value of production – US\$ Millions



Sales Value per Metric Ton

Chesapeake: \$3,600

Peer Average: \$1,900

Sector Focus - Pharmaceuticals



- Regulations are driving information growth
- Information “package” requires text integrity
- Rigorous control / segregation / certification requirements
- Ongoing shift from bottle to blister pack (patient pack)
- Over-the-counter brand positioning
- Customers include:
GlaxoSmithKline, Pfizer, Boots, Wyeth, Merck, 3M, Schering-Plough and AstraZeneca

Sector Focus – International & Branded



- Brand positioning / differentiation in discerning global markets
- Multi-substrate product mix focused on fine spirits, confectionery, and cosmetics and fragrance markets
- Consistent image / anti-counterfeiting
- Exceptional print / finishing techniques
- Large scale international launches / re-launches / range-extension
- Customers include: Diageo, Allied Distillers, William Grant, Nestlé, Cadbury's, Mars, Storck

Sector Focus - Tobacco



- Long-term customer relationships
- Shift from soft to hard pack
- Advertising restrictions lead to point of sale differentiation
- Promotional launches in Eastern Europe/Africa/Far East
- Global print supplier rationalization
- Customers include BAT, Gallaher and Altadis

Paperboard Packaging Competitors

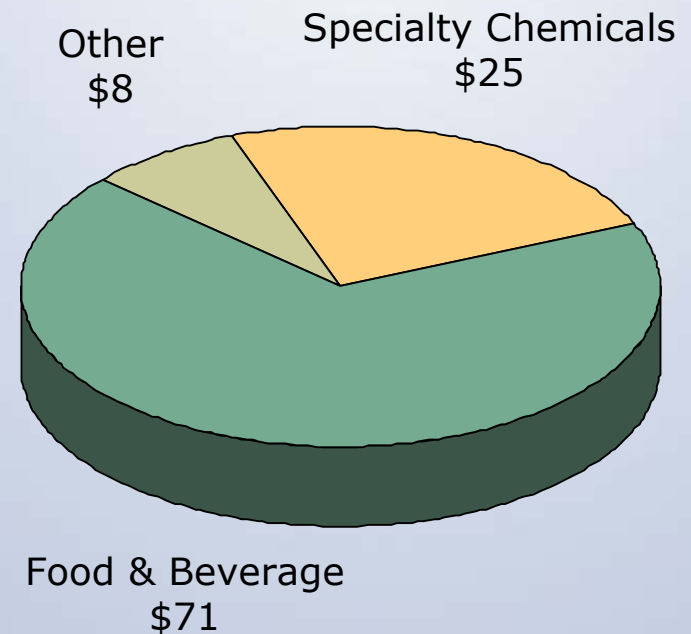
<u>Company</u>	<u>Target Market</u>
Copapharm*	Pharma-Healthcare
Pharmapact*	Pharma-Healthcare
MY Holdings (NamPak)	International & Branded - Confectionery
Rentsch (Amcor)	Tobacco
Algroup (Alcan)	Tobacco
Mayr Melnhof	Food & Household/International & Branded
Van Genechten Packaging	Food & Household

*Alliance

Plastic Packaging

- Leadership positions in selected niche markets
 - Barrier containers for invasive fluids
 - PET soft drink bottles in South Africa
 - HDPE milk bottles in Ireland
- Products: PET, HDPE plastic bottles, containers and closures
- Primary markets: specialty chemicals, beverages, pharmaceutical
- Principal customers include: Syngenta, Dow, BASF, DuPont, Abbot, Procter & Gamble, Coca-Cola, and Pepsi

2002 Sales by Sector



\$ 104 million

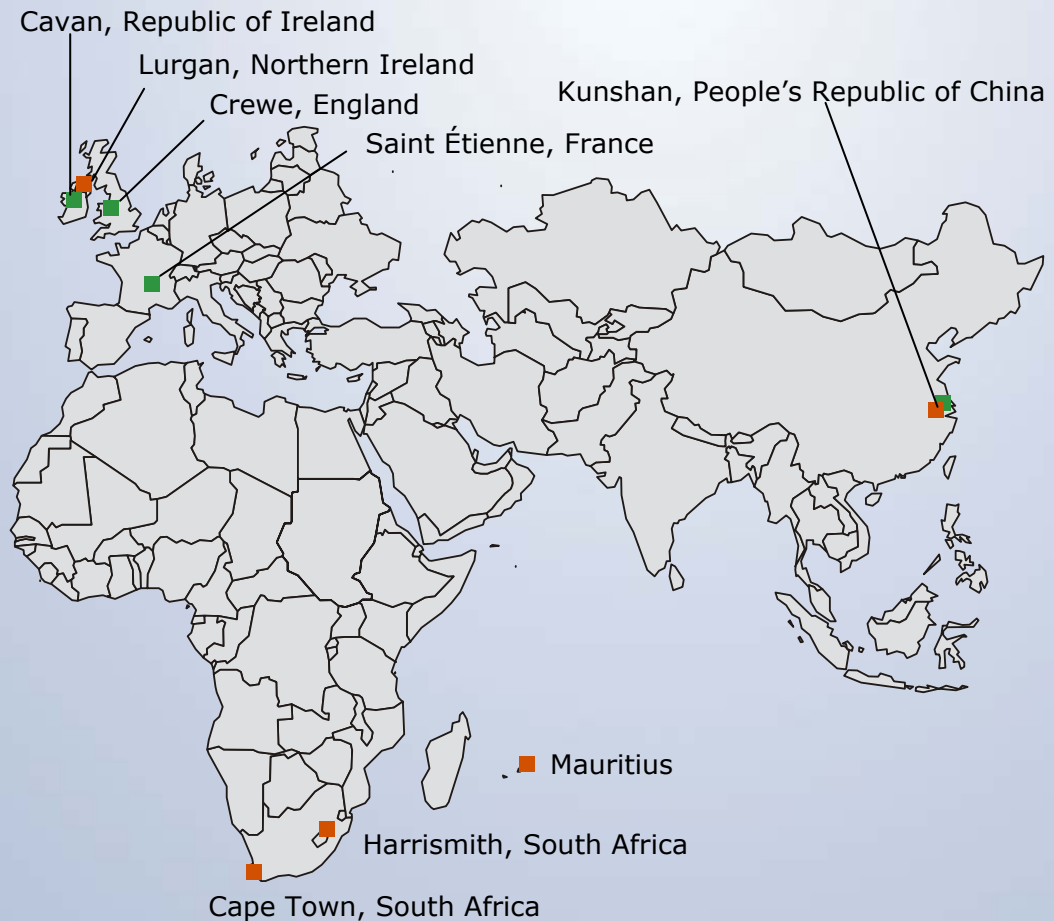
Plastic Packaging

- Selective geographic network of manufacturing facilities

- 9 plants in 7 countries

- Target attractive geographies

- High market share
- Proprietary barrier technology
- Emerging markets with high growth potential



Plastic Packaging Competitors

Company

Target Market

Amcor	Soft Drinks
Crown Cork & Seal	Soft Drinks
Nampak	Soft Drinks & Specialty Chemicals
Graham Packaging	Specialty Chemicals
RPC Group	Specialty Chemicals
Huhtamaki Van Leer	Specialty Chemicals
M&H Plastics	Pharmaceutical

Financial Strategy

- Consistent with business strategy
- Obtain and maintain an investment-grade debt rating
- Target a long-term debt to capital of 35% – 50%
- Maintain interest rate exposure on 25% – 40% of debt
- Maintain adequate cash liquidity with an appropriate amount of floating rate credit line facilities
- Finance long-term assets with long-term fixed rate debt; finance current assets with current liabilities and short-term floating rate debt

Financial Strategy

- Access the capital markets on a regular basis with periodic public debt offerings
- Maintain a regular and sustainable dividend with a target dividend payout range over the business cycle of 10% to 20% of operating cash flow
- Foreign exchange exposure will be “naturally hedged”

Historical Financial Data



Continuing Operations

(Dollars in Millions Except Per Share Data)

	FY ENDED		
	2000	2001	2002
Sales	\$ 655	\$ 790	\$ 822
EBIT (Earnings Before Interest and Taxes)	\$ 46	\$ 46	\$ 72
Depreciation/Amortization	\$ 53	\$ 60	\$ 48
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	\$ 99	\$ 106	\$ 120
EPS	\$ 0.70	\$ 0.69	\$ 1.35

Historical Segment Results

(Dollars in Millions)

	2000	2001	2002
Sales			
Paperboard Packaging	547	671	678
Plastic Packaging	87	98	104
Land Development	21	21	40
Total	655	790	822
EBIT			
Paperboard Packaging	51	62	62
Plastic Packaging	7	3	9
Land Development	16	15	16
Corporate	(20)	(19)	(12)
Restructuring Charges	(8)	(15)	(3)
Total	46	46	72
EBITDA			
Paperboard Packaging	94	110	101
Plastic Packaging	16	13	17

2003 Operating Results

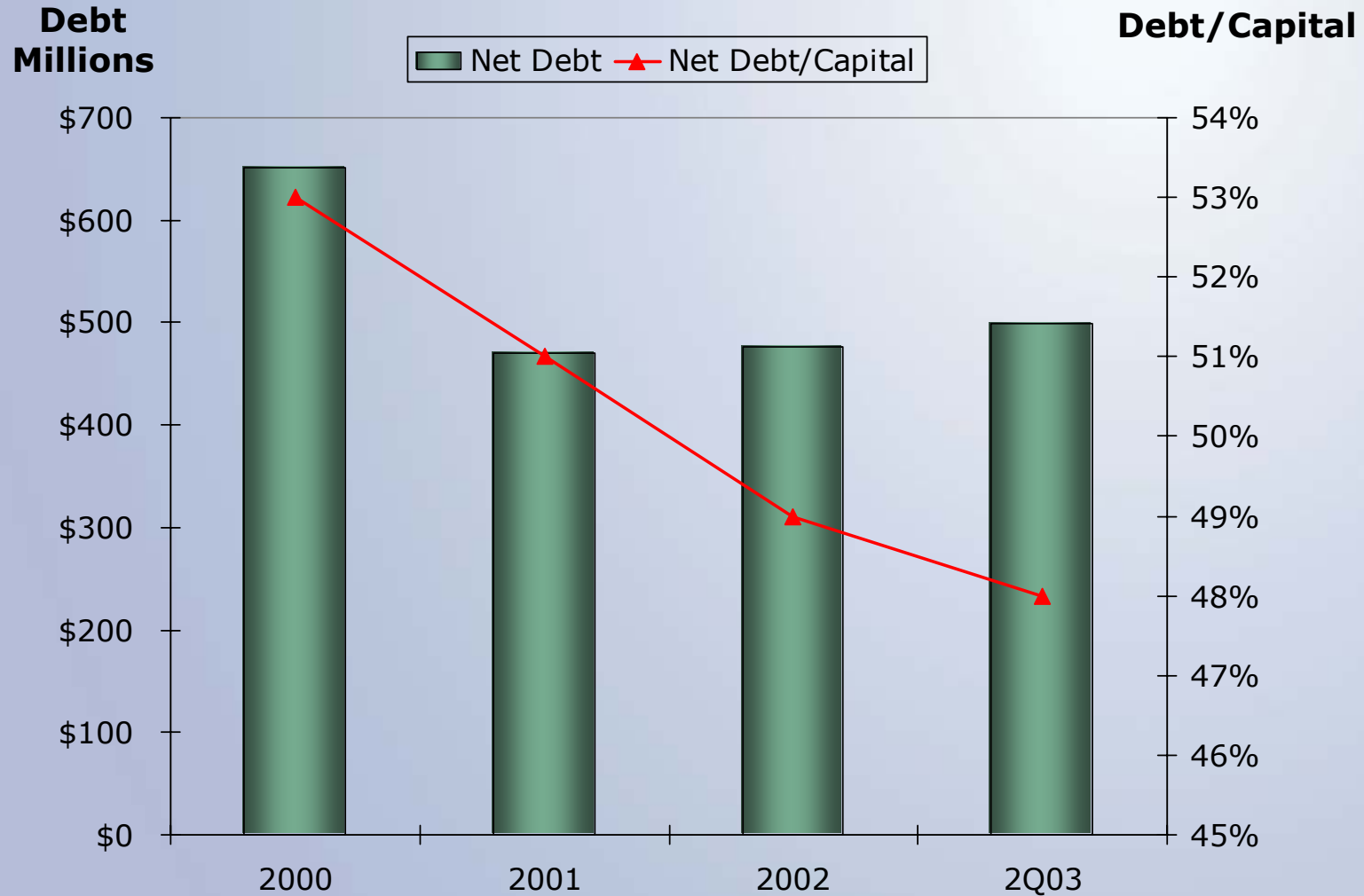


(Dollars in Millions Except Per Share Amounts)

	Second Quarter		Six Months	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
Sales	\$ 189	\$ 212	\$ 371	\$ 430
EBIT	11	24 [*]	23	39 [*]
Depreciation	12	13	23	26
EBITDA	23	37 [*]	46	65 [*]
CapEx	10	14	20	30
EPS	\$ 0.02	\$ 0.62 [*]	\$ -	\$ 0.80 [*]

*Includes gain on settlement of environmental obligations of \$11 million, or \$0.51 per share

Long-Term Debt

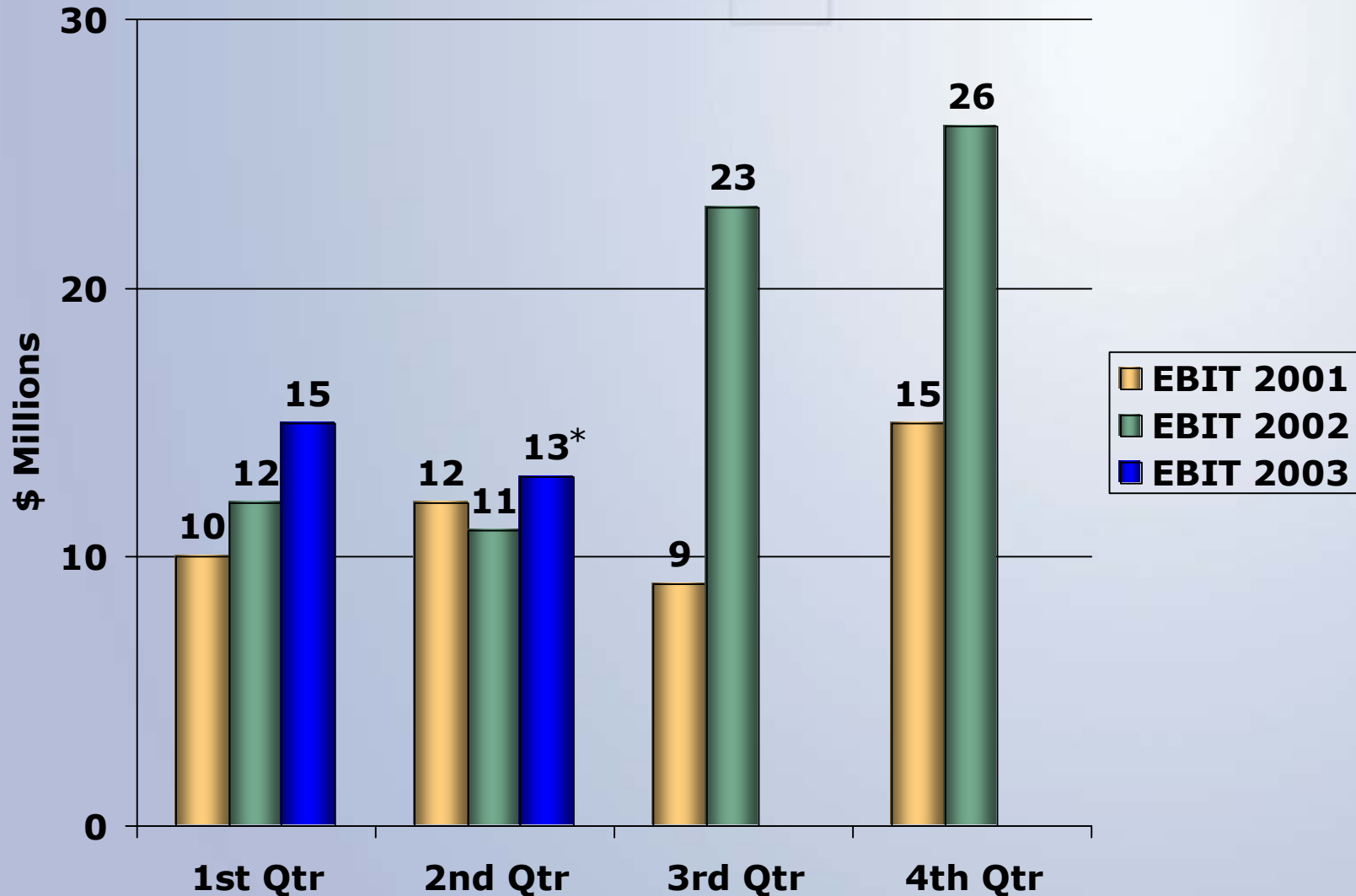


Financial Outlook 2003



- Earnings Per Share \$1.65 - \$1.95
- Free Cash Flow Before Dividends and Financing Activity \$20 - \$30 Million
- Operating Earnings Improvement in Paperboard and Plastics Segments 8% - 12%

Seasonality of Earnings



*Excludes gain on settlement of environmental obligations of \$11 million

Why Invest in Chesapeake?



- #1 paper-based specialty packaging company in Europe
- #1 in pharmaceutical-healthcare, #1 in premium branded #2 in tobacco
- Solid business characteristics: low cyclicalality, high barriers to entry, and excellent competitive position
- Pan European scale and footprint
 - Most extensive service operations of any European specialty packaging supplier
 - State-of-the-art manufacturing facilities and Europe's largest design studio
- Blue chip customers
- Deep and experienced management team
- Financial discipline

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